

CITY COUNCIL STUDY SESSION ITEM

SUBJECT

Present results of the staff evaluation of vendors' proposals on the 2014 Comprehensive Garbage, Recyclables, and Organic Waste Collection Contract (the 2014 Contract) and seek Council direction on final vendor selection.

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POLICY ISSUE

The City arranges for the collection of garbage through a contract with a service provider for solid waste collection. The City's purchasing code authorizes the City Manager to establish contracting policies for the solicitation of proposals for and award of service contracts, including this contract for solid waste collection. State law provisions and city code regulations regarding public works do not apply to this service contract. Relevant city contracting policies include:

- "The process of selecting and managing contracts should be subject to the highest ethical standards and embody the value of stewardship of the public's resources by ensuring that contracts provide the greatest attainable levels of both quality and value." City of Bellevue Contracting Policy; Guiding Principles;
- A competitive Request for Proposal (RFP) process with public notice is required for contracts in excess of \$300,000;
- Council approval of contracts over \$50,000 in value is required.

DIRECTION NEEDED FROM COUNCIL

 X Action
 X Discussion
 Information

Direction is needed with regard to the 2014 Contract in the following areas:

- Vendor selection; and
- Contract finalization.

In order to keep the 2014 Contract process on schedule, final direction on vendor selection is requested by no later than the Council's September 9 meeting.

BACKGROUND/ANALYSIS

The current Comprehensive Garbage, Recyclables, Yard Debris and Organic Waste Collection Contract will expire on June 28, 2014. The proposed service package for the 2014 Contract was informed by stakeholder feedback, including input from customers, solid waste collection vendors, and the Environmental Services Commission and confirmed by the Council at its March 25, 2013 meeting. In addition, Council confirmed the proposed evaluation process for vendor proposals on the 2014 Contract in meetings in March and April of this year. Council received briefings on the details of the evaluation process in April, and updates on the procurement process in July and August.

The 2014 Contract has an initial term of seven years, with an option to extend for an additional seven years (2028), and is worth approximately \$18 million to \$20 million per year or up to \$280 million over the maximum term of the contract. These amounts do not include the state refuse tax, city utility tax, King County Hazardous Waste Fee, and drop box disposal costs which are passed through to customers and do not vary between vendors.

Procurement Process:

The City's contracting policies favor a competitive procurement process for service contracts of this magnitude. Staff has conducted the RFP and evaluation and ranking process as further described in this memorandum. Council is asked to provide its evaluation of the vendors based on the criteria established in the RFP and give final direction on the successful vendor.

The RFP was issued on April 15, 2013. Two proposals were received by the City in mid-June. The two proposals were evaluated using the following evaluation criteria, which were described in the RFP and confirmed by Council prior to issuance of the RFP:

- Allocate 80% of the total score on the price of the proposal, based on the following:
 1. A base service package, including key service enhancements, discussed below and in Attachment C; and
 2. The cost-of-service single-family rate structure.
 3. Scoring methodology:
 - $\text{Score} = (\text{lowest cost} / \text{cost being evaluated}) \times 80 \text{ points}$
- Allocate 20% of the total score based on an evaluation of the following four qualitative factors:
 1. Customer service;
 2. Contract implementation and compliance;
 3. Operations and system design; and
 4. Sustainability
- Separately price the following new service options and exclude them from scoring:
 1. Unlimited recycling for commercial customers;
 2. In-City customer service center; and
 3. Commercial/multifamily organics collection – 96-gallons weekly embedded in the garbage rate.
- Obtain a separate bid from each of the vendors for linear rates for single-family customers for consideration in the future.

Staff Evaluation Process and Conclusions:

Two separate teams, consisting of staff representing several departments, used information from vendor proposals, site visits, and follow up questions to conduct detailed evaluations of the vendors' proposals. One team focused on the quantitative portion of the evaluation, reviewing and analyzing total costs and other financial information provided by vendors. This team applied the price evaluation formula described in the RFP, which accounts for up to 80 points. A second team focused on the qualitative portion of the evaluation. This team developed an approach to and awarded up to 20 points to the vendors based on information received in four qualitative areas. The two teams did not discuss their deliberations or processes with each other until the scoring was complete.

Upon completion of their independent evaluations, the scores from the two teams were combined to develop the total score out of a possible 100 points for each vendor based on criteria established in the RFP.

The evaluation led to the following results and findings:

- Both vendors are capable of serving Bellevue;
- Both vendors will profit from Bellevue's contract based on their bids, which is important to assure the sustainability of services for the long term of the contract; and
- Both proposals will result in rates that are higher than current rates (CleanScapes's \$17.9M annual bid price is a 4% increase over the current annual contract price of \$17.3M; Republic's \$19.8M annual bid price reflects a 14% increase over the current contract price).

Detailed Staff Scoring Results:

Based on staff's quantitative and qualitative evaluations, the CleanScapes proposal received a higher score than Republic Services' proposal. The combined results of the two staff evaluation teams are presented here and described in more detail below.

	Republic Services	CleanScapes
Proposed Annual Bid Price – Base Package*	\$19.8M	\$17.9M
Quantitative Score	72.5	80.0
Qualitative Score	15.8	18.5
Total Score	88.3	98.5

* Base Price includes key service enhancements.

Cost (Quantitative Score):

1. The quantitative scores were calculated by the formula included in the RFP:
Score = (lowest cost / cost being evaluated) X 80 points
2. As a result of the overall lower annual base price, CleanScapes's proposed 2014 solid waste rates are lower than those proposed by Republic Services for most Bellevue customers. The impacts to monthly customer bills in 2014 for the typical residential, commercial/multifamily, and drop box customers are shown in Attachment A. Attachment A also demonstrates where Bellevue's current and 2014 rates compare to neighboring jurisdictions (based on 2013 rates).

Service Approach (Qualitative Score):

Staff's qualitative evaluation results and findings were based on the team's weighting of the qualitative factors as follows:

Qualitative Factors	Maximum Points*	Republic Services	CleanScapes
Customer Service	5	3.50	5.00
Contract Implementation & Compliance	4	2.75	3.75
Operations & System Design	8	7.05	7.50
Sustainability	3	2.50	2.25
Total Qualitative Points	20	15.80	18.50

*Staff developed the point weighting for these four factors in order to facilitate the staff evaluation process. The RFP did not assign the 20 points available for Qualitative Factors in any particular manner and Council could choose to view this point allocation differently.

Staff placed considerable emphasis on Operations and System Design assigning 8 points to this factor. Customer Service was deemed next in terms of importance with 5 possible points, while Contract Implementation and Sustainability, including vendor transition issues, were allocated four and three points respectively.

Attachment B demonstrates that both vendors are capable of meeting the 2014 Contract minimum requirements. As a result of staff's review of information provided by vendors, site visits and interviews, the qualitative evaluation team scored CleanScapes higher on several of these qualitative factors, based on differences in service approach, particularly in the areas of customer service and contract implementation and compliance. Attachment B presents additional detailed information on the qualitative factors.

Council Evaluation of Proposals:

The qualitative factors assigned 20% of the overall bid score include policy considerations and exercise of judgment. Final vendor selection will depend on Council's ultimate judgment of the information provided through the procurement process by both vendors and relative strengths of those vendors with respect to the qualitative factors established by the RFP: customer service, contract implementation and compliance, operations and system design, and sustainability. Attachment B includes information that may be helpful in Council's evaluation of these factors. Following review of the information provided, Council is asked to provide direction on the final vendor, with whom staff will complete final contract negotiations.

Additional Policy Considerations

Council direction is needed on several policy considerations, summarized below, to finalize the 2014 Contract. Detailed information on these items is provided in Attachment C.

1. Key Service Enhancements - Should Bellevue customers be provided these services?

→ Staff Recommendation: Yes to all key service enhancements. These service enhancements are reflected in both vendors' bids.

2. New Service Options – Should Bellevue customers be provided these services?

→ Staff Recommendation: Yes to all new service options if such options can be provided with little to no financial impact to customers.

3. Rate Structure – Should the City maintain the current rate structure?

→ Staff Recommendation: Yes.

Vendor Communication Blackout Period

Specific guidelines were included in the RFP to ensure the integrity of the procurement process. The blackout period continues in effect through final Council action on the 2014 Contract.

NEXT STEPS

1. Based on Council direction, staff will finalize the service package and rate structure for the 2014 Comprehensive Garbage, Recyclables, and Organic Waste Collection Contract with the selected vendor.
2. Staff will return to Council in October with a vendor-executed 2014 Comprehensive Garbage, Recyclables, and Organic Waste Collection Contract for Council's approval.

ALTERNATIVES

1. Direct staff to negotiate with CleanScapes on the 2014 Comprehensive Garbage, Recyclables, and Organic Waste Collection Contract that incorporates Council direction on the final service package and rate structure;
2. Direct staff to negotiate with Republic Services on the 2014 Comprehensive Garbage, Recyclables, and Organic Waste Collection Contract that incorporates Council direction on the final service package and rate structure; or
3. Provide staff with alternative direction.

ATTACHMENTS

1. Attachment A - *Typical Solid Waste Monthly Bill Comparison – Current 2013 vs. Proposed 2014*
2. Attachment B – *2014 Solid Waste Collect Contract RFP - Qualitative Evaluation Comparison*
3. Attachment C – *2014 Solid Waste Collect Contract RFP - Additional Policy Considerations*

AVAILABLE IN COUNCIL OFFICE FOR REVIEW

1. Copies of vendor proposals

Attachment A

TYPICAL SOLID WASTE MONTHLY BILL COMPARISON - CURRENT 2013 vs. PROPOSED 2014 CURRENT RATE STRUCTURE (INCLUDING TAXES)

Single-Family Residential (32 gal cart)		Commercial/ Multifamily (4 yard once per wk)		Drop Box (25 yard compacted)	
Seattle	\$37.63	Seattle	\$483.88	Bellevue Proposed - Republic	\$254.80
Mercer Island	\$26.44	Mercer Island	\$363.40	Seattle	\$246.77
Kirkland	\$24.17	Issaquah	\$334.51	Bellevue Current	\$224.90
Bellevue Proposed - Republic	\$23.92	Renton	\$330.00	Bellevue Proposed - CleanScapes	\$221.87
Bellevue Proposed - CleanScapes	\$21.22	Redmond	\$320.20	Mercer Island	\$216.32
Bellevue Current	\$20.78	Bellevue Proposed - Republic	\$282.18		
Renton	\$20.11	Bellevue Current	\$277.88		
Issaquah	\$15.91	Kirkland	\$253.11		
Redmond	\$14.74	Bellevue Proposed - CleanScapes	\$247.63	Kirkland	\$176.21
				Redmond	\$173.21
				Issaquah	\$167.91

Attachment B

2014 Solid Waste Collection Contract RFP - Qualitative Evaluation Comparison

August 2013

Source: Vendor proposals, site visits, and additional information provided by vendors.

Factors Considered in Qualitative Evaluation		Republic Services	CleanScapes
Customer Service			
Extended call center hours (§3.3.2.2)	6-days a week staffed call center with expanded weekday hours: 7-7 M-F, 10-6 Sat.	7-days a week staffed call center with expanded weekday hours: 7-7 M-F, 8-6 Sat, 8-5 Sun.	
Customer service capability (§3.3.2.2.1)	10 customer service reps (CSRs) trained and available to answer Bellevue calls. CSRs are not dedicated to any client jurisdiction.	3 CSRs dedicated to Bellevue, and 7 additional CSRs cross-trained to answer Bellevue calls.	
Ability to address customer service issues using real time data (§3.1.14)	Changes to customer and billing data, and route maintenance information are processed at end of each day.	Real-time data collection at the curb transmitted to CSRs with photos, which automatically link to customer's account.	
Average call answer time (§3.3.2.2.4)	Call center reports provided by vendor for Jan -Jun 2013 show 52 second average.	Average seconds to answer calls: 9 seconds per proposal and consistent with experience of other client cities.	
Average call handle time	Average call handled in 3 minutes	Average call handled in less than 2.5 minutes	
First call resolution rate	First call resolution rate not available.	First call resolution rate: 98.4%	
Abandoned call rate	Abandoned call rate: 5.38% per call center reports provided by vendor for Jan - Jun 2013.	Abandoned call rate: 1.31%	
User-friendly, locally focused website (§3.3.2.2.6)	Website is nationally focused, with ability to drill down to local information.	City-direct website that is easy to navigate.	
Website information in multiple languages (§3.3.2.2.6)	Website pdf attachments in multiple languages.	Webpages in multiple languages.	
Enhanced customer service opportunities (§3.3.2.1)	Retail store in partnership with KidsQuest Children's Museum. Customer service center at existing operations facility.	Stand-alone Bellevue-dedicated retail store & customer service center.	
Process for resolving issues	City receives calls from customers regarding unresolved service issues, City contacts vendor to coordinate resolution.	Weekly tracking and review of top five customer service issues for each city for issues resolution and process improvement.	
Contract Implementation & Compliance			
Transition and implementation plan (§3.1.23)	Current service provider - no transition plan needed except for new services.	Clear, detailed plan outlined for transition. Implementations include: Shoreline (2008), Seattle (2009), Des Moines (2011), Issaquah (2012), & Carnation (2013).	
Missed pickup rate	Missed pickup rate: 0.92 per 1,000 per service metrics report provided by vendor for Jan - Jun 2013.	Missed pickup rate: 0.14 per 1,000 from company provided data and consistent with Seattle's experience.	
Contract compliance approach (§3.1.25)	Reactive approach to demonstrate contract compliance.	Proactive approach to demonstrate contract compliance.	
Performance fees levied (§3.1.10)	Penalty equivalent of \$17K paid in last four years for Bellevue performance issues.	Performance fees of \$8K levied for all complaints in last four years.	

Factors Considered in Qualitative Evaluation	Republic Services	CleanScapes
Identification of compliance issues	Compliance issues identified via customer complaints.	Weekly meetings to review performance metrics attended by all departments to identify compliance issues for resolution. Program is modeled on NYPD COMPSTAT Program.
Requested modifications to contract	Requested 12 plus modifications to contract.	No modifications to contract requested.
Operations & System Design		
Fleet maintenance capability	Full-service fleet maintenance facility.	Preventative maintenance performed in-house, contract out for major maintenance.
Use of vehicle tracking technology (§3.1.14)	Use of tracking technology such as GPS and GIS.	Use of tracking technology such as GPS and GIS. More effective and sophisticated in use of technology to optimize operations and minimize costs.
Route development and modification (§3.1.13)	Route development/modification performed annually with focus on managing workload.	Route development/modification dynamic to optimize pick-ups, balance vehicle loads, and minimize trips.
Photo documentation of route exceptions (§3.1.14)	On-vehicle cameras available for use by driver as needed.	Multiple on-vehicle cameras with continuous auto recording and 30-day retention.
Service capability (§2)	Has experience serving emerging mixed-use area. Currently serves downtown Bellevue.	Has experience serving mixed-use, congested area. Currently serves downtown Seattle.
Materials recovery facility (MRF)	Has an established materials recovery facility (MRF).	Currently contracting with a facility in Renton. MRF under construction in South Seattle, with completion anticipated in Feb 2014.
Route supervision	Route supervisors in field office located in Bellevue.	Route supervisors in the field to monitor and respond to changing field conditions.
Sustainability		
Economic	Expects to profit from Bellevue's contract based on bid proposal.	Expects to profit from Bellevue's contract based on bid proposal.
Market share in local area	Established company, but losing market share in Puget Sound area. Currently serving Bellevue, Lake Forest Park, Kenmore, Sammamish, Mercer Island, Yarrow Point, Hunts Point, Clyde Hill, Medina, Beaux Arts, Normandy Park, Kent, Covington, Black Diamond, North Bend and areas of King County.	Newer company, but expanding market share in Puget Sound area. Currently serving Shoreline, Seattle, Des Moines, Issaquah, and Carnation. Recently announced as apparently successful vendor for SeaTac.
Community involvement	Company has deep roots in the community and supports a number of local events and organizations.	Newer to the community and focuses on working with the community to determine community benefit needs (i.e., to reward diversion goals).
Environmental impact - ability to provide expanded recyclables collection (§3.2.2.1)	Expanded recyclables not specified in proposal.	Proposal includes expanded list of recyclables at the curb - such as motor oil, cooking oil, Styrofoam, propane canisters, bicycles, and child car seats.
Environmental impact - fuel (§3.1.14)	Compressed natural gas (CNG) collection vehicles.	CNG collection vehicles.
Environmental impact - wear and tear on local streets	Predominately use larger collection vehicles.	Optimum use of varied-sized collection vehicles, with emphasis on lighter vehicles. Lighter vehicles reduce wear and tear to Bellevue streets.

Attachment C
2014 Solid Waste Collection Contract RFP - Additional Policy Considerations

Key Service Enhancements

Council directed staff to separately price the following key service enhancements, but include them in the base price used for scoring.

Question: Should Bellevue customers be provided the following key service enhancements?

→ Staff Recommendation: Yes to all key service enhancements.

Key Service Enhancements	Republic Services Cost/Year	CleanScapes Cost/Year
1. Single-family residential customer Saturday collection for Friday misses	\$20K	\$0
2. Additional recyclables collection at the curb for single-family customers where feasible	\$0	\$0
3. On-call curbside collection of small electronics, appliances, and textiles for multifamily customers	\$0	\$0
4. On-line account management and electronic billing for all requesting customers	\$0	\$0
5. 7-days a week staffed call center, with expanded hours	NA	\$0
6. 6-days a week staffed call center, with expanded hours	\$18K	NA
Total	\$38K	\$0

New Service Options

Council directed staff to separately price the following new services and exclude them from scoring.

Question: Should Bellevue customers be provided the following new service options?

→ Staff Recommendation: Yes to all new service options.

New Service Options	Republic Services Cost/Year	CleanScapes Cost/Year
1. Unlimited recycling for commercial customers	\$0.1M	\$ 0
2. In-City customer service center	\$0.1M	\$ 0
3. Commercial/multifamily organics collection – 96-gallons weekly embedded in garbage rate	\$0.4M	\$0.5M
Total	\$0.6M	\$0.5M

Attachment C

2014 Solid Waste Collection Contract RFP - Additional Policy Considerations

Rate Structure

Per Council direction, vendors were instructed to bid rates based on a cost-of-service rate structure for scoring purposes. It is common industry practice and consistent with Utilities practice to use pure cost-of-service rates as the starting point. Rates may be subsequently modified to meet other City objectives.

Additionally, rates based on the current rate structure were also obtained from both vendors in order to consider the impacts of potentially changing rate structures. The current rate structure contains a cross-subsidy between the residential and commercial/ multifamily customer sectors.

Lastly, per Council direction, a separate bid was obtained for single-family linear rates for consideration in the future.

Question: Should the City maintain the current rate structure to minimize rate impacts to all customers?

➔ Staff Recommendation: Yes.